



**ARSSTC Board Meeting
June 22, 2021 9:00 am – 11:00 am, Virtual**

Board Present:

- Scott Bloom, City of Kenai
- Melissa Haley, City of Sitka
- Brandi Harbaugh, Kenai Peninsula Borough
- Stephanie Queen, City of Soldotna
- Jeff Rogers, City and Borough of Juneau
- Troy Tankersley, City of Wasilla

Board Absent:

- Mike Tvenge, Kodiak

Others in Attendance:

- Kara Johnson, AMSTP Sales Tax Administrator
- Clinton Singletary, AMSTP Sales Tax Director
- Sean Kelley, KPB

1. Call to order
 - a. Meeting started at 9:02am.
2. Approval of the Agenda
 - a. no objection to agenda.
3. Approval of the Minutes
 - a. 5/12/21 Board meeting minutes approved, no objection.
4. New Business
 - a. Approval of revised Interpretation 2020.05 – Sourcing of Goods

Edited interpretation to update language around the sourcing of goods. Biggest change was inserting language that point of delivery is not impacted by which party to the transaction hired the common carrier. Reemphasized that temporary possession by common carrier does not mean delivered. Cleaned up and clarified in examples that the delivery to the purchaser.

How would a seller who does not deal with delivery “know” that the delivery is ultimately in Alaska. Look to billing address. Outreach to registered sellers and other non-registered companies to discuss sourcing. Work with TTR to flag common carriers. Have we worked with Washington and have discussions with them? No recent conversations with Washington DOR.



Motion by Stephanie Queen, Second by Melissa Haley to approve revisions to 2020.05. No objections. Motion passed.

b. Approval of new Interpretation 2021.03 – Digital Goods & Services

This is becoming a more common question as sellers register. Have started audit of “Other” exemption category and learned digital subscriptions are being exempted. Will send final interpretation to sellers. Recommendation from legal counsel is to strengthen definitions around services to address confusion.

Focuses on remote services, have concern about approaching a local business and telling them they need to learn tax codes from around the state and tax appropriately. Need to further discuss Alaska-based service providers.

Juneau is working to pass update to local code to say services provided by Juneau-based business that deliver service outside of Juneau are not subject to Juneau taxes. Doing this to align with Uniform Code. Sitka’s sales tax code is vague, goal to make updates that align with Uniform Code. Wasilla recently updated their code regarding services.

Important to have codes aligned with guidance in place before approaching Alaska-based companies. KPB does not consider remote sale if there is a brick-and-mortar presence in Borough.

Appreciate the clarification of billing address, it is easy to get lost in the complexities. Gains of consistent rules that allow us to tax outside companies outweigh losses of in-jurisdiction services

Motion by Melissa Haley, Second by Troy Tankersley to approve Interpretation 2021.03. No objections. Motion passed.

c. Approval of revised Filing Frequency Policy

Revision to filing frequency based on feedback from sellers. Quarterly changed from \$6,000 taxable to \$10,000 taxable sales within previous 12 months or less than 12 individual transactions. Boat dealer may sell few items but high value items, seasonal business. Makes sense to go quarterly. Annual if have fully exempt from sales tax in previous 12 months.

Wasilla amended code to allow for quarterly filing. Concern for business if have to file different frequencies with different systems.

Amend policy to address communities that do not allow reduced filing frequency. Exception could be made after special approval by affected communities.

Motion by Troy Tankersley, Second by Brandi Harbaugh to approve revised filing frequency policy as amended. No objections. Motion passed.



d. Board expectations on seller registration extension requests

Many Alaskan-based businesses have difficulties with tax collection. Industry-specific software can be limited in capacity to charge multiple tax rates. Many of these businesses have never had to collect sales tax and might not have the staffing needs. Current Uniform Code allows for a 90-day grace period. Concern as we approach Alaskan-based businesses who have tax collection challenges:

- Don't want to change business practices
- Don't want to invest in new software
- Don't want to train/pay staff to handle

Companies meet the threshold, thousands of dollars in sales, not millions. What are the consequences if they don't comply? Set tax liability date and could in theory conduct an audit and do an estimated sales tax. Many companies met nexus last year, we are working with them on soft compliance approach.

The burden to update software is because of the Commission. But with low volume, high-cost transactions, doesn't seem like it is very burdensome to look up rates manually. If high-volume, low-cost items, then would be more burdensome.

Maybe need to increase threshold?

Board Request for extension document – 30 days at a time. 2 officer signatures. Business must document issues faced and progress made.

Commission has larger national companies that are not complying. Should address large companies from out of state before targeting smaller Alaskan-based businesses.

Formalize extension policy and bring back to Board.

e. Board representation on Policy Committee

There is Board representation on Finance Committee, should we have that structure for Policy Committee? Yes, good idea to have liaison. Board members are not in position to take on additional responsibility. At next Board election we can appoint someone. Maybe a better solution is to identify a liaison to attend Board meetings and speak for Policy Committee. Liaison would give report at beginning of Board Meeting.

f. Unregistered sellers who are collecting tax

Reviewed by Policy Committee

Goal is to address the scenario where a resident in community was charged sales tax and contacts local jurisdiction who says business is not registered with either jurisdiction or Commission. Also scenario where jurisdiction receives a check in mail from unregistered company.

Whose responsibility is it to pursue business for registration? The Commission or the jurisdiction?



Jurisdiction is taxing authority, Commission is only for remote sales. Taxing jurisdiction to do first outreach to determine if physical presence or remote seller. If remote seller, then notify the Commission who pursues registration.

Board requested legal opinion from legal counsel regarding voluntarily collection.

g. Protest Refund Form

For resident who was incorrectly charged tax and the buyer was not able to work out with business. Resident can apply for refund through the Commission. Commission works with seller and makes adjustment in MuniRevs system.

5. Comments

Troy - Wasilla working through conversion process with MuniRevs. Most of software issues have been worked out. Slight issues with timing of revenue versus posting to General Ledger. Tax payers are thankful for online filing capacity. Does not integrate with General Ledger – need to summarize monthly transactions and manually post to GL.

Jeff asked if Commission annual meeting will be during AML annual conference or AFOG. It will be during AML annual conference.

Conversations by Board about possible statewide sales tax – should Commission take an official position or engage as the Commission? State would likely take over tax collection for all physical presence and remote sales. Board agreed to stay engaged, keep watching the August special legislative session, may need to have a meeting before then to formalize ideas.

Brandi would like update from AML staff on MuniRevs reporting improvements and process for checking KPB & borough cities' gross sales validation.

6. Adjournment 11:05am

Respectfully submitted, Clinton Singletary, AMSTP Sales Tax Director

Approved:	
Melissa Haley, ARSSTC Board Secretary	Date